

Vehicle Registration Fee FAQ's

1) Why is the County considering a VRF?

Milwaukee County is responsible for maintaining over 400 miles of roads and parkways, 48 bridges and a fleet of buses. Historically, Milwaukee County has relied heavily on funding from the federal and state government for these activities.

The County Executive is known for his fiscally responsible approach to governing and for the last five years, he has not raised taxes while maintaining or increasing services and decreasing long-term liabilities. The challenge that we, as a county, are currently facing is an ongoing decrease in funds received from the federal and state level. In response to these cuts, Milwaukee County needs to take action to preserve safety and access to quality transportation, without sacrificing other important county services. As a result of these pressing needs and the lack of other funding alternatives, the 2017 recommended budget includes a \$60 Vehicle Registration Fee to provide a stable revenue source for infrastructure and transportation maintenance.

This is the only legal option for the County to increase revenues to fix our infrastructure needs. I believe this is the best way to preserve a sustainable transit infrastructure for all of Milwaukee County's residents. Milwaukee County must make the responsible decision and take leadership on this issue soon in order to provide a good quality of life for all its residents.

Not addressing this issue will result in significant cuts in service, increased fares, falling behind on the well-documented deferred maintenance and a reversal of the positive progress the County has made to improve its fiscal condition.

2) Besides the VRF, what other options does the County have for increasing revenue to pay for transportation-related needs?

Increase property taxes – Under Wisconsin statutes, county levy increases are limited to the percentage change in equalized valuation due to net new construction between the previous year and the current year. Milwaukee County estimates that, at most, it could raise about \$6 million through this option.

Increase bus fares – Increasing the general fare and/or freeway flyer fares would generate around \$1 million in new revenue. However, as fares increase, ridership tends to decline, which would generate a smaller increase in overall revenues. Increases in fares could also have other negative impacts on employment levels within the County and the ability of area businesses to attract an adequate workforce. NOTE: For riders over the age of 65 and for those with disabilities, MCTS estimates that charging a half-price fare would generate around \$4 million per year (these riders currently ride free through the Go Pass program).

Increase bonding – Increasing bonding would allow for additional funding of transportation-related capital projects. However, additional bonding for transportation projects means other County infrastructure projects might be delayed or not funded at all. Also, increased borrowing would result in higher annual debt service payment costs (aka the credit card bill) and either

higher property taxes or less funding available for other purposes. The more the County borrows, the less can go toward providing services.

Sales tax increase – State law does not allow Milwaukee County to implement a sales tax.

3) Isn't a Milwaukee County VRF going to disproportionately impact the poor?

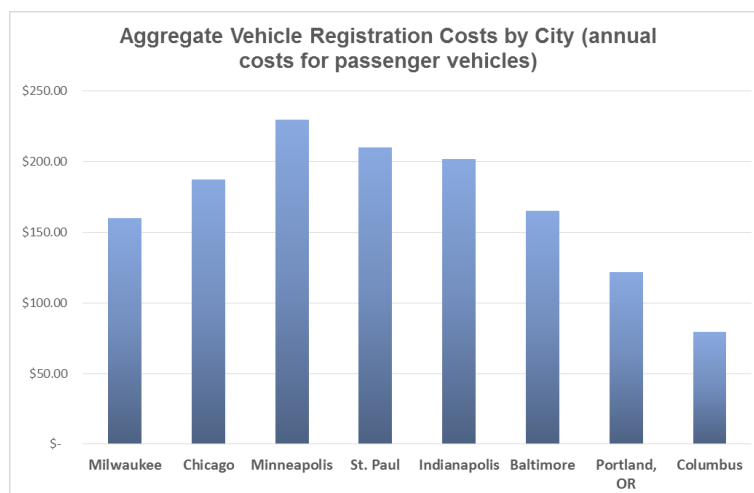
A VRF is the only revenue option legally available to the County and will generate approximately \$27 million in revenue per year. Unlike a sales tax increase, no additional state approval is required for the County to implement a vehicle registration fee. The VRF is preferable to a sales tax that would be applied across the board and disproportionately harm people with low incomes. This fee, which averages out to \$5 per month, is only assessed on people who own and operate cars, as opposed to a sales tax that would be applied across the board. The decision to implement a vehicle registration fee came after extensive community input. The County Executive heard loud and clear that the GO Pass is a priority for the community and they were open to a vehicle registration fee as a funding source.

Also based on community feedback, the County Executive is putting together a taskforce with public and private stakeholders that will examine ways to moderate the impact of a vehicle registration fee on low-income households. One option, available only with a State Statute change, is to index the Fee based on value and/or age of the vehicle. This is a model used by other states and could be effective in Milwaukee County.

Without a dedicated source of funding like the VRF, the County would be forced to go back to the days of transit route cuts, transit fare increases, or both – options that would be much worse for City of Milwaukee residents.

4) How does the County VRF compare to other governments?

Different governments choose to pay for services in different ways. For municipalities of similar size to Milwaukee County that choose to use a VRF, the amount the County is proposing is in the average range. See chart:



5) How much funding does the County need to maintain its transportation infrastructure?

While revenues for transportation continue to decline, the County's share of transportation-related capital funding is expected to grow from about \$23.9 million (2016 Adopted Capital Improvement Budget) to an estimated \$27.6 million by 2020. The primary drivers of this increase are the transit bus replacement program, roadway/bridge maintenance and reconstruction, the vehicle replacement program, and parkway repairs/reconstruction.

6) How much revenue could Milwaukee County bring in each year with a \$60 VRF?

The County estimates that an annual \$60 VRF would bring in about \$27 million per year.

7) What would the County spend the VRF revenue on?

Revenues generated from a VRF can only be used for transportation-related activities only. A \$60 per year VRF is enough to fund all of the County's transportation infrastructure costs, including annual bus replacements, and County highway, parkway, and bridge repairs that are typically financed through the Parks Department. A VRF would also free up other County dollars to be reinvested in our parks and other critical infrastructure. Finally, revenue generated by the VRF would also go toward operating costs related to preserving the Go Pass.